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Economic Sanctions and American Diplomacy

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Rudolf reviews "Economic Sanctions and American Diplomacy" edited by Richard Haass.

Full Text:

Economic Sanctions and American Diplomacy

edited by Richard Haass, New York: Council on Foreign Relations, 1998. 220pp. 13.95.

Economic sanctions have become a hallmark of US foreign policy in the 199os. A detailed analysis published by the US International Trade Commission in August 1998 identified 42 laws subjecting 29 nations to unilateral sanctions. Nonetheless, it remains a matter of contention whether the use of sanctions really has proliferated to the extent that many critics contend. Nor is it clear whether the proliferation of sanctions initiated by Congress is part of a structural change in executive-legislative relations after the Cold War, or more the result of a specific political constellation: a Republican Congress using sanctions legislation as a permanent vote of no-confidence in the foreign policies of a disliked president. But sanctions, especially secondary sanctions mandated by Congress, have become a matter of grave concern to the US business and foreignpolicy communities, as well as to America's allies.

Economic Sanctions and American Diplomacy is the product of a project started in April i996 by the Council on Foreign Relations. The basic goal of the book is 'to determine just what it is that the impact of economic sanctions most depends on and to make policy-relevant recommendations based on these conclusions' (p. 4). In his introduction, Richard Haass mentions some factors which he believes explain the popularity of sanctions: they are a message-sending response in cases where no vital interests are at stake, but where the US (for whatever reason) feels the need to act; they are perceived as a less costly alternative to the use of military force; moreover, their frequent use stems from the growing strength of single-issue constituencies and an increase in Congressional power.

Taking his lead from the work of David Baldwin, Haass emphasises the point that the utility of sanctions should be compared with the costs and benefits of other policy instruments, or indeed with a policy of doing nothing at all. Although the basic empirical question he asks is 'what determines the effectiveness of sanctions' (p. 5), this concept of effectiveness is itself not discussed further. In the introduction, some factors on which the effectiveness of sanctions could depend are mentioned: the goals, the political and economic situation in the target country, the nature and severity of sanctions, their duration, the degree of multilateral support, the legal foundation, and the availability of military enforcement. Some of the individual case studies - and the editor's conclusion - highlight this difference between the economic impact and the political effects of sanctions, which can be determined by different factors and need not be closely related. But useful guidance for the case study could have been provided through a more explicit analytical framework, as well as by reference to competing models which try to explain how sanctions work politically. The analyses and conclusions rest implicitly on the model of a rational actor, presupposing a monolithic state which makes cost-benefit analyses. But even in the case of authoritarian regimes, a pluralist process model might have been useful for identifying those causal mechanisms that could explain why sanctions sometimes work and sometimes do not.

As in any edited volume, the eight individual case studies differ in analytical depth as well as in their handling of questions which the editor sought to address. But, taken together, the chapters on US sanctions against China, Cuba, Haiti, Iran, Iraq, Libya, Pakistan, the former Yugoslavia, and the final conclusion by Richard Haass, constitute essential reading.

In his cogent analysis of US policy towards China, Robert S. Ross distinguishes between limited, issue-specific, non-proliferation sanctions, and broader human-rights sanctions. In the case of Chinese proliferation policies, economic sanctions have been effective because - given US security interests - the threat of sanctions was credible and the costs to the Chinese government of adapting to US demands were low. But in the case of human rights, the threat to end Most-Favoured Nation (MFN) status lacked any credibility, except in the early 199os when domestic politics in the US created uncertainty as to whether Congress might be serious about ending MFN. From the case of sanctions against China, Ross draws some policy conclusions for crafting a sanctions policy for China. First, limited sanctions are preferable to comprehensive sanctions because of their higher credibility, stemming from lower costs to the US. Second, sanctions are more effective when, as in the case of non-proliferation sanctions, 'sticks and carrots' are combined. Third, even the threat of costly sanctions can be credible when presidential flexibility is low.

In his analyses of Haiti and Libya, Gideon Rose assumes the difficult task of evaluating the effectiveness of sanctions compared to other policy options. In his view, sanctions against Haiti were 'politically ineffective, morally costly, and ultimately domestically unsustainable`, the 'worst' of the alternatives available (p. 72). Less harsh is his verdict on Libya where sanctions, although not very effective, are superior to other options. They 'have helped to keep Qaddafi on the margins of world politics and prevented him from causing too much trouble beyond his borders' (p. 145). Such vague language demonstrates the difficulties of measuring the effectiveness of sanctions. Crippling Libya's weapons of mass destruction programme is said to be among those effects, but one wonders whether this has not mainly been the result of international export controls (deliberately omitted from this volume's definition of economic sanctions).

That most sanctions cannot be simply evaluated either as success or failure is demonstrated especially in the cases of Cuba and Iraq. Although the ambitious goal of US policy towards Cuba - the overthrow of Fidel Castro - has not been achieved, sanctions have, as Susan Kaufman Purcell writes, produced mixed results with regards to changing the behaviour of the Castro regime: sanctions have contributed to exacerbating the economic crisis and have thus increased pressures on the regime to liberalise the Cuban economy. Eric Melby claims success for post-Gulf War sanctions against Iraq, since they have prevented Saddam Hussein from rearming. But such favourable assessments in the future will depend heavily on whether the Iraqi regime maintains its fluctuating attitude towards arms inspections and whether Saddam remains in power.

Even in the case of Iran, future assessments might differ from Patrick Clawson's judgement that 'it is clear that sanctions have not persuaded Iran to change the behaviour to which Washington objects' (p. 94). Although changes in Iranian policy can no longer be denied, it will remain a point of contention whether this has anything to do with either sanctions or economic engagement.

Assessments of ongoing situations must be undertaken with great caution, as Stephen John Stedman's analysis of sanctions against the former Yugoslavia demonstrates. In this case, those scholars claiming in the early 199os that comprehensive sanctions against Serbia would be counter-productive have been proved wrong. At that time they maintained that sanctions would lead to the 'rally round the flag'-effect, increase Serbian paranoia, bring about a Mafia class benefiting from further sanctions, and weaken the opposition. As Stedman writes, this argument rested on shaky assumptions about the calculations of the Serbian elite and the way the economy and society would have looked without sanctions. His analysis supports the conventional wisdom that sanctions failed to prevent the war, but they have contributed to ending it. With rising costs, incentives for Belgrade to halt support for the Bosnian Serbs increased, as did incentives to put pressure on them to accept a negotiated settlement: 'The Bosnian case, like that of Zimbabwe in 1979, shows that after sanctions have been in place and taken a toll, the inducement of removing them provides useful leverage to a would-be-mediator' (p. 193). All of this was written before the NATO bombing campaign against Yugoslavia, of course.

In his conclusion, Richard Haass draws lessons not only from the individual case studies but also more generally from the use of sanctions in the 199os. Given the enormous difficulties involved in evaluating the effective contribution of sanctions to stated and sometimes unstated political goals, and given the fact that assessments of their relative effectiveness often rest on counterfactual speculation, any sweeping generalisation drawn from a very limited number of cases must be treated with some caution. And it should be kept in mind that the lessons apply only to economic penalties for 'non-economic purposes' which aim at changing political and/or military behaviour. Trade-related sanctions are deliberately left out in many contributions to the current sanctions debate.

Most of the lessons put forward in Economic Sanctions and American Diplomacy will be agreed upon even by those scholars who hold a more positive view of economic sanctions than does Richard Haass: economic sanctions can be costly; they have unintended side-effects; they are not effective when the aims are ambitious or the time is short; nonetheless they can contribute to achieving modest or even fairly significant foreign-policy goals, especially if coupled with other policy tools, foremost being the threat or use of force. With respect to the strategy of using sanctions in a purposeful way, Haass argues against a policy of gradual escalation because it gives the target country time to adapt. This is especially true of financial sanctions, which are now more and more seen as the 'smartest' sanctions weapon. Other lessons are not fully borne out by the case studies: unilateral sanctions might indeed be 'rarely effective' (p. zoo), and authoritarian regimes 'are often able to hunker down and withstand the effects of sanctions' (p. 203). Yet, unilateral sanctions against China and Cuba have produced some results; and despite the anticipated 'rally round the flag'-effect, sanctions helped bring Milosevic to the negotiating table at Dayton.

In his policy recommendations, which already have had an impact on the debate in the US, Haass reminds the reader that sanctions are a serious instrument, with domestic and international costs. They should only be used after careful analysis of their likely effects. To this end, he suggests institutional innovation - the establishment of a sanctions-analysis unit within the intelligence community - and new procedural mechanisms, which might help to instil a serious rationale into decisions about sanctions: the administration should be required to report about all relevant aspects before or shortly after sanctions are put in place, and to provide meaningful annual sanctions-impact statements. Since such proposals are less far-reaching than those contained in the unsuccessful Hamilton-Lugar Sanctions Reform Bill of October 1997, they might be more acceptable to Congress. But it is unlikely that Congress will follow the advice that multilateral support should 'normally' be a precondition for the introduction of sanctions by the US. Apart from the fact that unilateral-sanctions legislation has influenced the foreign policy of the Clinton administration, the cases studied in Economic Sanctions and American Diplomacy lend some support to the argument regarding the effectiveness of unilateral sanctions. Moreover, readiness to incur costs from such action is a way of sending the message that the US is serious about a foreign-policy problem - an argument virtually ignored in this volume. Effective leadership necessitates a willingness to bear costs.

The economic costs of unilateral American sanctions are controversial and difficult to quantify. Export losses in 1995 may not have been as high as $15-19 billion, the figures concluded by the often-quoted but disputable 1997 study undertaken by the Institute for International Economics. Based on available figures, the Congressional **Budget** Office estimated that the overall loss of income through sanctions amounts to less then $Ibn a year, since the main targets of US sanctions are not major trading partners. But the political costs of unilateral American sanctions against foreign firms doing business with Iran, **Libya** and Cuba have been high, especially in relations with Europe and Russia - reason enough to join Richard Haas in cautioning against the further use of secondary sanctions.

Extraterritorial American sanctions enshrined in the 'Iran and Libya Sanctions Act' and in the 'Cuban Liberty and Democratic Solidarity Act' have united the European Union (EU) in opposing American imperial arrogance. The compromise reached by the US in May 1998 on the issue of secondary sanctions remains fragile, and will break apart as soon as sanctions are actually imposed on European citizens and firms. But the controversy has had some salutary effect: hardly noticed was the fact that the US and the EU agreed on principles for the use of economic sanctions. As pledged in the 'Transatlantic Partnership on Political Cooperation' dated i8 May 1998, sanctions should preferably be multilateral, legitimisation through the United Nations being the best possible course. Measures should be targeted with the aim of putting pressure on those responsible and to avoid undue hardship for the general population. In cases when multilateral agreement is not possible, unilateral sanctions should not take the form of secondary sanctions. It remains to be seen whether these principles will lead to a fruitful institutionalised dialogue, perhaps through a G-7 Sanctions Task Force, as the State Department's Advisory Committee on International Economic Policy has already suggested. But this long overdue dialogue will remain sterile if it does not move beyond the confines of the current sanctions debate. Transatlantic conflict over sanctions is essentially a conflict over differing views on the strategic and moral wisdom of differing foreign policies. Sanctions are a foreign-policy instrument, not a strategy.

In this broader strategic aspect, Economic Sanctions and American Diplomacy unfortunately does not widen the debate. What is missing in the case studies and conclusions alike is an explicit discussion of how the overall political strategy that sanctions are - or should be - a part of, impinges on their effectiveness. In the case of Iraq, one might speculate that sanctions could have been more effective in changing behaviour if they had been part of a broader and more flexible strategy, combining the use of 'sticks and carrots' thereby giving the Iraqi leadership incentives to cooperate. Containment through permanent sanctions does not add up to a comprehensive political strategy. And overthrowing a regime with a highly developed repressive apparatus through sanctions (and occasional air-strikes) remains an illusionary goal to which neither the history nor the theory of sanctions can lend any support. In the case of Iran and Cuba, US sanctions have even been a substitute for any broader political strategy.

Future debate regarding the effective use of sanctions must address the issue of how the broader strategic context affects their prospects. With regard to so-called 'rogue states', sanctions can have a role in strategies of conditional engagement or 'conditional reciprocity'. As the Bosnian case especially demonstrated, the promise of lifting sanctions increases bargaining power. But, as the cases of Cuba and Iran show, domestic politics can prevent the US from using this bargaining power effectively.

Despite some analytical shortcomings, Economic Sanctions and American Diplomacy is a timely and important contribution to an ongoing debate. One can only hope that it will contribute to adding more political and strategic seriousness to the use of sanctions in US foreign policy.

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